

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL MEMORANDUM**

**HB 364 – SB 676**

June 9, 2009

**SUMMARY OF AMENDMENTS (005825, 009649):** Requires a student applying for the service scholarship to attain an ACT mathematics score of at least 27 if the student intends to teach mathematics or attain an ACT science score of at least 27 if the student intends to teach science. Creates in the State Treasury the Tennessee Math and Science Teacher Service Scholarship Account. Funds in the account shall not revert to the general fund and shall be used solely for payment of student awards and administration of the program. Funding from state revenues for the scholarship account shall be subject to appropriation in the general appropriations act; however, state appropriations to the account may not be made until FY11-12 and thereafter. Authorizes TSAC to accept contributions in any fiscal year from private sources for deposit into the Tennessee Math and Science Teacher Service Scholarship Account with the first scholarships to be awarded when the amount of money contributed from private sources totals \$1,500,000. If in any fiscal year there are insufficient funds to fully fund the scholarship program, TSAC is authorized to reduce or eliminate scholarships so that the program does not exceed the amount of money available in and appropriated from the scholarship account.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures - \$58,300/One-Time/Beginning in  
FY11-12  
Exceeds \$1,000,000/Beginning in  
FY12-13

Other Fiscal Impact – Under the provisions of the bill, TSAC is authorized to collect private funds to administer a loan scholarship program for students desiring to become math or science teachers in the Tennessee public school system. The first service scholarships will be awarded when the amount of money contributed from private sources totals at least \$3,000,000. Until that time, there would be no additional staff needed for the administration of the program, nor any students enrolled in the program. It is not anticipated that the \$3,000,000 would be collected in the next two years.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

### **Increase State Expenditures - Exceeds \$1,000,000/Beginning in FY12-13**

**Other Fiscal Impact – Under the provisions of the bill, TSAC is authorized to collect private funds to administer a loan scholarship program for students desiring to become math or science teachers in the Tennessee public school system. The first service scholarships will be awarded when the amount of money contributed from private sources totals at least \$1,500,000. Until that time, there would be no students enrolled in the program. It is not anticipated that the \$1,500,000 would be collected in the next two years. No state appropriations will be made during FY09-10 or FY10-11. In any fiscal year subsequent to FY10-11 that the General Assembly makes an appropriation of revenue to the Tennessee Math and Science Teacher Service Scholarship Account, there will be an increase of state expenditures (from the General Fund). The specific fiscal years, as well as the extent of any appropriations, are dependent upon action taken by the General Assembly in the respective general appropriations act, but such state appropriations are expected to occur since there would be an ongoing scholarship program and without such appropriations, existing scholarships would be eliminated.**

Assumptions applied to amendments:

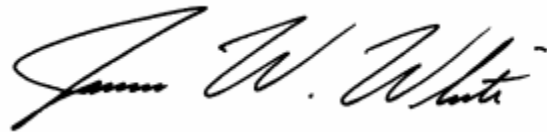
- The program will not be implemented until \$1,500,000 in private funds is collected. It is anticipated that funds could not be collected and service scholarships would not be awarded until FY11-12.
- The award amount will be \$5,000 per student per academic year, and the student will be eligible to receive the award for five years.
- According to TSAC, an estimated 42 percent of students who begin programs complete with a degree and licensure. In 2006-07, 3,822 students completed a degree and obtained teacher licensure.
- Based on current enrollment data, it is estimated that approximately 9,100 students would start education programs in academic year 2011-12.
- According to THEC data, five percent of students who obtain licensure are in the fields of math or science ( $9,100 \times 5\% = 455$ ). Only 10 percent of these students had the required ACT composite and sub-scores to qualify for this program ( $455 \times 10\% = 46$ ). The program cost for 46

students the first year of implementation is estimated to be \$230,000 (46 x \$5,000) in private funds.

- The annual enrollment growth is anticipated to be three percent and the standard THEC college retention rates would apply to continuing students.
- In the second year of the program, an estimated 47 new students would be eligible, and 38 students returning, for a total of 85 students with a program cost of \$425,000 (85 x \$5,000) in private funds.
- The amount of state funding necessary to continue this program cannot be determined but can be estimated to exceed approximately \$1,000,000 beginning in FY12-13 or the first fiscal year private funds are exhausted.
- According to TSAC, any cost to monitor the collection and distribution of funds is estimated to be not significant.
- Any cost to THEC to study and evaluate the program and to report to the General Assembly is estimated to be not significant.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and "W".

James W. White, Executive Director

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